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Classification

147917

PET 6 LIBYA

Department of State

TELEGRAM

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INDICATE:
☐ COLLECT
☐ CHARGE TO

DISTRIBUTION

ACTION: Amembassy TEHRAN

INFO: USINT ALGIERS
Amembassy BEIRUT
Amconsul DHARAN DHAHRAN
Amembassy JIDDA
Amembassy KUWAIT
Amembassy LONDON
Amembassy PARIS
Amembassy TRIPOLI

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY CJ DATE 8/7/81
RDS ☐ or XDS ☐ EXT. DATE
IS AUTH. REAS'N(S)
ENDORSE EXISTING MARKINGS ☐
DECLASSIFIED ☑ RELEASABLE ☑
RELEASE DENIED ☐
PA or FOI EXEMPTIONS

PET 6 LIBYA

STATE

Subject: Occidental Settlement with LARG

REF: Tehran 3872 NOTAL

1. In September 4 Benghazi speech RCC President Qadhaafi announced agreement with Occidental on increase in posted price oil from $2.23 barrel to $2.53 barrel plus annual increments of two cents barrel, beginning January 1, 1971, until over-all posted price increase of forty cents ($2.63) achieved. FYI. Department has also received report that thirty cent posted price increase applies only to forty degree gravity oil. Posted price will increase thirty cents plus two cents for each degree gravity above forty; posted price will be raised thirty

DRAFTED BY:	DRAFTING DATE	TEL. EXT.	APPROVED BY:
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NEA/IRN - Mr. Childs (subs)
E/ORF/FSE - Mr. Clark
AF/N - Mr. Suddarth

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4-68

Department of State

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NOTE:
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cents minus 1.5 cents for each degree gravity below forty. END FYI.

2. FYI. Department has also been told that new agreement will result thirty cent per barrel payment to LARG. This figure indicates tax take of LARG has risen from fifty percent to fifty eight percent after deduction of ~~expensix~~ expensing royalties. END FYI

3. According to company announcement, Occidental production quota raised to 700,000 b/d from current level 425,000 b/d. Qadhaafi made no mention restoration quota in his speech. Restoration supposedly confirmed by Libyan press but subject to caveat of prior engineering report that increased production will not unduly deplete reserves.

4. FYI. In announcement of settlement to other local company managers Occidental general manager stated "some retroactivity" involved. He unwilling be more specific and Department has no further information. ~~END FYI~~

END GP3

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~~ROGERS~~

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